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SUBJECT: INDONESIA HIV/AIDS PROGRAM UPDATE

¶1. (U) Summary. Indonesia's national HIV/AIDS program is in a critical situation; they are at risk of losing approximately \$50 million of Global Fund monies due to poor program management and performance. On July 13, Indonesia's President issued a Presidential Regulation providing the National AIDS Commission with more authority, funding and structure. USG, through the Capacity Project, is providing in depth technical assistance in the areas of program management, human resources, financial management and monitoring and evaluation. On September 6, a sub-group of the Country Coordinating Mechanism (CCM), including representatives from USAID, met with the Minister of Health to discuss the critical situation of Indonesia's Global Fund HIV/AIDS program. End Summary

Indonesia's Global Fund HIV/AIDS Program

¶2. (U) Indonesia received two Global Fund AIDS grants in Round 1, covering the period of July 2003 to June 2007 and Round 4, covering April 2005 to March 2010. To date, Round 1 disbursements from Global Fund are \$7,062,548 from \$15,900,000, which accounts for 44 percent of funds disbursed. Round 4 disbursements are \$16,398,610 from \$65,035,569 which accounts for 25 percent of funds disbursed. Approximately, \$50 million of Phase 2, Round 4 funds are at risk due to poor program management and performance. The Ministry of Health (principal recipient) and members of the CCM, including representatives from USAID, are currently reviewing the global fund round 4 proposal and developing the phase 2 proposal due September 30, 2006.

¶3. (U) Indonesia's Global Fund's portfolio manager visited Indonesia from August 31 to September 7. He provided clear messages to the PR and the CCM that improvement in both program management and performance will have to be seen in order to receive phase 2 funding. He also stated that with efforts undertaken by GOI and their partners are starting to show positive results.

¶4. (SBU) Comment: The loss of these funds would severely impact the entire HIV/AIDS national program and leave Indonesia scrambling to find additional funds to keep the National program running and in particular, support treatment for Persons Living with HIV/AIDS and intravenous drug users currently on methadone replacement therapy.

Indonesia's National AIDS Commission

¶5. (U) On July 13, 2006, Indonesia President Dr. H. Susilo

Bambang Yudhoyono signed a regulation of the President of the Republic of Indonesia on The National AIDS Commission (NAC). The new regulation provides clear duties and responsibilities to the NAC, appoints Dr. Nafsiah Ben Mboi as the Secretary, allows for increased funding, including increased staff. Additionally, the NAC now reports directly to the President. The NAC is currently developing a National HIV/AIDS Strategy 2007-2010. Additionally, NAC is developing a costed annual work plan that includes Global Fund and all partner activities.

¶6. (SBU) Comment: We believe that under Dr. Nafsiah Ben Mboi's leadership, Indonesia's NAC will have a positive impact on the National HIV/AIDS program and will provide a solid structure to carry out HIV/AIDS program activities, as well as, bring awareness and improved leadership to all levels of the GOI on the plight of the current HIV/AIDS program.

USG Technical Assistance Efforts

¶7. (U) USAID staff and US based contractors, through the Capacity Project, are providing in depth technical assistance to the PR and Global Fund program in the areas of program management, human resources, financial management and monitoring and evaluation. The team has made recommendations to improve both the program management and performance in the above mentioned areas. This assistance has been well received and the Government of Indonesia (GOI) has started implementing the TA team's recommendations. We feel that if all of the recommendations are fully implemented, we should see a positive effect on the program immediately. Program performance results should be seen by the end of Q7 (December 2006).

Meeting with Minister of Health on Global Fund performance

¶8. (U) On September 6, a sub-group of the Country Coordinating Mechanism (CCM), including representatives from USAID, met with the Minister of Health, Siti Fadilah Supari, to discuss the critical situation of the Global Fund HIV/AIDS program as well as stress the importance of strong leadership and commitment from the GOI to manage and implement Global Fund monies. Both bilateral and multilateral donors stated full commitment to assist the GOI to succeed, however we also requested that the GOI fully implement all the recommendations made by the technical assistance team, including increasing the number of staff working full time on the management and administration of the program. The Minister stated that she is fully committed to making the Global Fund HIV/AIDS program fully operational and that the commitment from the GOI is high.

¶9. (SBU) Comment: During the meeting, surprisingly the Minister of Health, seemed unaware of the current Global Fund situation. However, now that she is aware of with the threat of losing Global Fund monies, she might provide the required and necessary leadership urgently needed to improve performance.

PASCOE